

HISTORIC PRESERVATION CERTIFICATION APPLICATION INTRODUCTION

Michigan property owners and long-term lessees who undertake qualified rehabilitations of historic resources can apply for a credit against state income tax or single business tax of up to 25 percent of qualified rehabilitation expenditures. Property owners undertaking rehabilitation projects on depreciable resources that qualify for the federal historic preservation tax credit must *first* apply for the 20 percent federal tax credit. If the project is approved for the federal tax credit, the project will still be eligible for an additional 5 percent state tax credit. The purpose of the tax credit program is to provide incentives to home owners, commercial property owners, and businesses to rehabilitate historic commercial and residential resources.

REQUIREMENTS

1. The resource to be rehabilitated must be located in the State of Michigan.
2. The resource must be an eligible resource. An eligible resource is defined as any historic building, structure, site, object, feature, or open space that is:
 - a) located in a local unit of government with a population of 5,000 people or more *and* is a contributing resource in a local historic district established under Michigan's Local Historic Districts Act (P.A. 169 of 1970, as amended);
or
 - b) located in a local unit of government with a population under 5,000 people *and* is a contributing resource in a local historic district, *or* is listed in the State Register of Historic Sites or the National Register of Historic Places.
3. All project work must conform to the SECRETARY OF THE INTERIOR'S STANDARDS FOR REHABILITATION.
4. Applicants must apply to the State Historic Preservation Office (SHPO). To qualify for the tax credit, applicants must complete all three parts of the HISTORIC PRESERVATION CERTIFICATION APPLICATION.
 - a) *Prior* to beginning *any* rehabilitation work, PART 1 - EVALUATION OF ELIGIBILITY and PART 2 - DESCRIPTION OF REHABILITATION of the HISTORIC PRESERVATION CERTIFICATION APPLICATION should be submitted to and approved by the SHPO.
 - b) After the rehabilitation work is completed, PART 3 - REQUEST FOR CERTIFICATION OF COMPLETED WORK of the HISTORIC PRESERVATION CERTIFICATION APPLICATION must be submitted to the SHPO.
5. Qualified rehabilitation expenditures must be equal to or greater than 10 percent of the State Equalized Value (SEV) of the property. In instances when part of a resource is being rehabilitated, i.e. half of a duplex, the qualified rehabilitation expenditures must be greater than 5 percent of the property's appraised value.
6. All rehabilitation work must be completed within one year. Applicants may apply for special permission to phase the work over an extended period of up to five years.
7. If the resource is sold or alterations not meeting the SECRETARY OF THE INTERIOR'S STANDARDS FOR REHABILITATION are made within five years after the tax credit is claimed, an appropriate percentage of the tax credit will be subject to recapture by the State of Michigan.